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FIRST WESTERN TRUST BANK

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JAMES REED and CAROLYNN REED,
on behalf of themselves and all others
similarly situated,

Plaintiffs,

vs.

RELIANT LIFE SHARES, LLC. a
California limited liability company;
RLS FINANCIAL SERVICES, INC., a
California corporation; RELIANT LIFE
SHARES SERIES TRUST, aka RLS
Trust, a trust; RMS TRUST, a trust;
SEAN MICHAELS, an individual;
SCOTT GRADY, an individual;
WILMINGTON SAVINGS FUND
SOCIETY, a federal savings bank doing
business as CHRISTIANA TRUST;
UMB BANK, N.A., a federally chartered
bank; BOU BANCORP, INC. doing
business as BANK OF UTAH; FIRST
WESTERN TRUST BANK, a Colorado
Corporation; and DOES 1-20

Defendants.

Case No. 2:23-cv-08577

**DEFENDANT FIRST WESTERN
TRUST BANK'S NOTICE OF
REMOVAL**

[CAFA JURISDICTION]

Complaint filed: August 17, 2023

Pursuant to the Class Action Fairness Act (“CAFA”), Defendant First Western Trust Bank (“FWTB”) hereby removes this action, captioned *Reed, et al. v. Reliant Life Shares, LLC, et al.*, Case No. 23STCV19709, from the State Superior Court, County of Los Angeles, California to the United States District Court for the Central District of California, Western Division. *See* 28 U.S.C. § 1332(d); 28 U.S.C. § 1453.

FACTUAL BACKGROUND¹

1. On August 17, 2023, Plaintiffs James and Carolyn Reed filed a Class Action Complaint, and Jury Demand (“Complaint”) against numerous defendants, including FWTB, in the State Superior Court, County of Los Angeles, California (the “State Court Action”).

2. On September 11, 2013, Plaintiffs served FWTB with the following documents: (a) Summons; (b) Class Action Complaint; (c) Alternative Dispute Resolution (ADR) packet; (d) Civil Case Cover Sheet; (e) Civil Case Cover Sheet Addendum and Statement of Location; (f) Notice of Case Assignment; (g) First Amended General Order; (h) Notice of Related Case; (i) Voluntary Efficient Litigation Stipulation/ADR Information Packet; (j) Order Pursuant to CCP 1054(a), Extending Time to Respond by 30 Days When Parties Agree to Early Organizational Meeting Stipulation; and (k) on October 6, 2023, Plaintiffs served on FWTB’s agent for service of process, Timothy Morphy, Notice of Minute Order Re: Initial Status Conference Order and Deadlines.

3. A true and correct copy of the Summons is attached hereto as “**Exhibit 1.**” A true and correct copy of the Class Action Complaint is attached hereto as “**Exhibit 2.**” A true and correct copy of the documents identified above as (c)-(k) are attached hereto as “**Exhibit 3.**”

4. There are no pending motions in the State Court Action.

¹ Unless otherwise noted, FWTB presents the factual allegations as presented in the underlying complaint, without acknowledgment of their truth.

1 5. An Initial Status Conference is scheduled for October 26, 2023 at 10:30
2 a.m. in the State Court Action.

3 6. FWTB is a Colorado-based bank incorporated under the Colorado
4 Business Corporation Act and the Colorado Banking Code.

5 7. Plaintiffs allege that Reliant Life Shares (“Reliant”) sells fractionalized
6 interests in life insurance policies after purchasing them from an insured. *Id.* ¶¶ 4, 30,
7 37. These investments require payment of the premiums for the life insurance policies
8 to maintain the policies, and then the policy benefits are paid upon the death of the
9 insured. *Id.*

10 8. Plaintiffs invested \$50,000 in one of Reliant’s life settlement policies.
11 *Id.* ¶ 36.

12 9. That initial investment would be used, along with other investments in
13 that policy, to pay for the first seven years of premiums, after which Plaintiffs (and
14 other investors) had to pay any subsequent premiums owed. *Id.* ¶¶ 37-41.

15 10. Plaintiffs allege the Reliant Defendants² and Sean Michaels and Scott
16 Grady, the managers, directors, and officers of the Reliant Defendants, engaged in a
17 fraudulent scheme and misled investors about their likely annual returns, investment
18 risks, and payments of future premiums. *Id.* ¶¶ 1, 5. Plaintiffs also allege that the
19 Reliant Defendants, led by Michaels and Grady, used investor money to pay off
20 expiring life insurance premiums sold years earlier, rather than the policies in which
21 the investors invested. *Id.* ¶ 6. Michaels and Grady also allegedly used investor
22 money to pay a judgment against them. *Id.* ¶¶ 5, 9.

23 11. Plaintiffs allege that FWTB “was an escrow agent and trustee for Reliant
24 Life Settlements and permitted its name to be used on Reliant’s website and in its
25 marketing brochures.” *Id.* ¶ 25. Plaintiffs claim that the Reliant Defendants “held
26 First Western Trust Bank out as an institutional independent bank trustee whose
27

28 ² The “Reliant Defendants” include Reliant Life Shares, LLC, RLS Financial Services, Inc., RMS Trust and Reliant Life Shares, LLC.

1 duties included, but were not limited to, accepting investment funds, manage [sic]
 2 premium reserve accounts, make [sic] payments to carriers, and to distribute policy
 3 benefits to each of the investors upon policy maturity.” *Id.*

4 12. Plaintiffs contend that FTWB and other “Trustee Defendants” are liable
 5 because they “aided and abetted Reliant Defendants, Michaels and Grady . . . [and]
 6 breached fiduciary duties.” *Id.* at ¶ 2. Plaintiffs allege that FWTB, as a “Trustee
 7 Defendant,” “knowingly authorized Reliant to use [FWTB]’s name and reputation in
 8 the Life Settlement Industry to be used by Defendant Reliant’s written marketing
 9 brochures (‘Brochure’) which informed potential investors that each Trustee
 10 Defendant would serve as an ‘independent escrow agent and trustee.’” *Id.* at ¶ 31.

11 13. Plaintiffs assert five claims on behalf of a putative nationwide class of
 12 “approximately 2,000 members” for negligence, violations of the California
 13 Corporations Code, breach of fiduciary duties, and unfair competition. *Id.* at ¶¶ 1, 53-
 14 54, 64-111. They also allege a sixth claim for financial elder abuse on behalf of
 15 “Class members who were residents of the State of California and age 65 or older at
 16 the date they invested.” *Id.* at ¶¶ 3, 59, 95-101.

17 14. For all claims except the claim for financial elder abuse, Plaintiffs seek
 18 to represent a proposed nationwide class of “all persons, trusts, or entities who
 19 invested in a life settlement investment by or thru [sic] Reliant Defendants. Excluded
 20 are any entities or persons associated with Reliant Defendants or their officers and
 21 directors or within the network of related companies.” *Id.* at ¶ 53.

22 15. On behalf of a class of “approximately 2,000,” Plaintiffs seek “all
 23 damages allowed by law, including but not limited to the amount of their initial
 24 investments, any additional premiums paid to keep policies in force, prejudgment
 25 interest,” punitive damages, trebled damages, restitution, disgorgement, and the
 26 “costs of suit, investigation, and attorney’s fees.” *Id.* at ¶¶ 54, 79, 87, 94, 101, 111.

GROUND FOR REMOVAL

A. Removal Is Timely.

16. On September 11, 2023, Plaintiffs served FWTB with the Complaint.

17. This Notice of Removal is timely under 28 U.S.C. § 1446(b) because it was filed within thirty days after service of the Complaint. Defendants have not filed any responsive pleadings in the State Superior Court of California, County of Los Angeles. Pursuant to 28 U.S.C. § 1446(a), true and exact copies of all process, pleadings, and orders served on Defendant FWTB in this matter are attached as Exhibits 2.

B. Venue Is Proper in This District.

18. Venue properly lies in this Court because the original action was filed in the State Superior Court of California, County of Los Angeles, which is located within the geographical boundaries of the United States District Court for the Central District of California, Western Division. 28 U.S.C. § 1441(a).

C. The Court Has Subject Matter Jurisdiction Under CAFA.

19. Congress passed CAFA to expand federal jurisdiction over class actions. *See* Pub. L. No. 109-2, 119 Stat. 14(2)(B) (CAFA seeks to “restore the intent of the framers of the United States Constitution by providing for Federal court consideration of interstate cases of national importance under diversity jurisdiction.”); S. Rep. No. 109-14, p. 43 (CAFA “is intended to expand substantially federal court jurisdiction over class actions”). To effectuate its purposes, Congress directed that CAFA “should be read broadly, with a strong preference that interstate class actions should be heard in federal court if properly removed by any defendant.” S. Rep. No. 109-14, p. 43. As the Supreme Court has held, there is no presumption against removal under CAFA. *Dart Cherokee Basin Operating Co., LLC v. Owens*, 574 U.S. 81, 89 (2014) (“[N]o antiremoval presumption attends cases invoking CAFA, which Congress enacted to facilitate adjudication of certain class actions in federal court.”).

20. CAFA authorizes removal of putative class actions if: (1) there exists minimal diversity of citizenship; (2) the proposed class contains at least 100 members; and (3) the amount-in controversy exceeds \$5,000,000. 28 U.S.C. §§ 1332(d)(2)(A), (d)(5)(B), (d)(6); *Dart Cherokee Basin*, 574 U.S. at 84-85. FWTB disputes the validity of Plaintiffs’ claims and denies that this case is appropriate for class treatment. At the time of removal, however, the focus is not an assessment of the merits, or whether a class should be certified, but rather on the “amount in controversy” as framed by the pleadings and the plausible allegations set forth in this Notice of Removal. *Dart Cherokee Basin*, 574 U.S. at 89. This case falls within the scope of CAFA.

1. Minimal Diversity Exists.

21. Unlike the traditional diversity statute, to establish federal jurisdiction under CAFA, the statute requires only minimal diversity, meaning that “any member a class of plaintiffs is a citizen of a State different from any defendant.” 28 U.S.C. § 1332(d)(2)(A).

22. Although a removing party’s allegations of minimal diversity may be based on “information and belief,” Plaintiffs’ own allegations establish minimal diversity. *See Carolina Cas. Ins. Co. v. Team Equip., Inc.*, 741 F.3d 1082, 1087 (9th Cir. 2014).

23. FWTB is incorporated under Colorado law with a principal place of business in Colorado. Compl. ¶ 25.

24. Plaintiff Carolyn Reed is a California resident, and Plaintiff James Reed was a resident of California when he invested in Reliant, but he now resides in Tennessee. *Id.* ¶ 16.

25. Thus, minimal diversity exists as the named plaintiffs and FWTB are citizens of different states.

1 **2. The Proposed Class Contains at Least 100 Members.**

2 26. Under CAFA, the putative class must also consist of at least 100
3 members. *See* 28 U.S.C. § 1332(d)(5). This requirement is easily satisfied on the face
4 of the Complaint.

5 27. Plaintiffs allege that the proposed class includes “approximately 2,000
6 members.” Compl. ¶ 54; *see also Kuxhausen v. BMW Fin. Servs. NA LLC*, 707 F.3d
7 1136, 1140 (9th Cir. 2013) (explaining numerosity was satisfied when the complaint
8 alleged that the class involved “hundreds” of consumers).

9 **3. The Alleged Amount In Controversy Exceeds \$5,000,000.**

10 28. For purposes of CAFA, the aggregate amount in controversy exceeds
11 \$5,000,000 based upon the allegations and legal theory asserted in the Complaint.
12 Under CAFA, the claims of the individual members of a putative class are aggregated
13 to determine whether the amount in controversy exceeds the sum or value of
14 \$5,000,000, exclusive of interest and costs. 28 U.S.C. § 1332(d)(6).

15 29. “[T]he amount in controversy reflects the maximum recovery the
16 plaintiff could reasonably recover.” *Arias v. Residence Inn by Marriott*, 936 F.3d
17 920, 927 (9th Cir. 2019). In removing a case to federal court, a defendant need only
18 make a “plausible allegation that the amount in controversy exceeds the jurisdictional
19 threshold.” *Dart Cherokee*, 574 U.S. at 89. The removing defendant may rely on
20 reasonable assumptions in calculating the amount in dispute. *Jauregui v. Roadrunner*
21 *Trans. Servs., Inc.*, 28 F.4th 989, 993 (9th Cir. 2022).

22 30. “[T]he term ‘in controversy’ has never required a party seeking to
23 invoke federal jurisdiction to show that damages ‘are greater’ or will *likely* prove
24 greater ‘than the requisite amount’ specified by statute.” *Hammond v. Stamps.com,*
25 *Inc.*, 844 F.3d 909, 911-12 (10th Cir. 2016) (quoting *Hartis v. Chi. Title Ins. Co.*, 694
26 F.3d 935, 944 (8th Cir. 2012)). “Instead, the term has required a party seeking federal
27 jurisdiction to show only and much more modestly that ‘a fact finder *might* legally
28 conclude’ that damages exceed the statutory amount.” *Id.* at 912 (quoting *Hartis*, 694

1 F.3d at 944). “As the Supreme Court has explained, to justify dismissal under this
2 standard ‘it must appear to a legal certainty that the claim is really for less than the
3 jurisdictional amount.’” *Id.* (quoting *St. Paul Mercury Indem. Co. v. Red Cab Co.*,
4 303 U.S. 283, 289 (1938)). The Complaint makes clear that Plaintiffs seek far more
5 than \$5,000,000 in damages in this case.³

6 31. Plaintiffs allege that they invested \$50,000 in Reliant. Compl. ¶ 36.
7 Plaintiffs seek “all damages allowed by law, including but not limited to the amount
8 of their initial investments in Reliant Life Shares, any additional premiums they had
9 to make to keep policies in force, prejudgment interest” and the “costs of suit,
10 investigation, and attorney’s fees.” *Id.* ¶¶ 79, 87. Plaintiffs contend that the putative
11 class contains “approximately 2,000 members.” *Id.* ¶ 54. Plaintiffs represent that their
12 “claims are typical” of the putative class members because they were “similarly
13 affected by Defendants’ wrongful conduct.” *Id.* at ¶ 55.

14 32. Taking the Complaint on its face and assuming that each of the 2,000
15 putative class members invested \$50,000, like Plaintiffs, that would put the minimum
16 potential damages at approximately \$100,000,000 just based on the investment
17 principal. Even if the 2,000 class members invested substantially less than the named
18 Plaintiffs—for example, \$25,000, \$10,000, or even \$2,500—that would still satisfy
19 CAFA’s required aggregate amount in controversy.

20 33. Moreover, Plaintiffs seek additional damages beyond the investment
21 principal, including damages for payments of additional premiums. Compl. ¶ 87. For
22 the named Plaintiffs, that amounted to more than an additional \$7,500. *Id.* ¶¶ 39-41
23 (alleging that Plaintiffs paid additional premiums from 2021-2023). That amount
24 alone extrapolated across the alleged class of 2,000 investors would be more than
25 \$15,000,000, which separately satisfies CAFA’s amount-in-controversy
26 requirement.

27
28 ³ Defendant does not in any way concede that the putative class will prevail on the merits or that
the putative class will recover monetary or other relief valued at \$5,000,000 or more.

34. In addition, Plaintiffs seek prejudgment interest, trebled damages for the Elder Abuse Subclass, attorney’s fees, punitive damages, and other remedies. Compl. ¶ 79 (costs of investigation and attorney’s fees), ¶ 87 (initial investment, additional premiums, and prejudgment interest), ¶ 94 (punitive damages), 101 (trebled damages and attorney’s fees), ¶ 111 (equitable remedies, including restitution and disgorgement).

35. Accordingly, the CAFA amount-in-controversy requirement of \$5,000,000 is easily met. *See Greene v. Harley-Davidson, Inc.*, 965 F.3d 767, 772 (9th Cir. 2020) (explaining that because the “[a]mount at stake’ does not mean likely or probable liability; rather it refers to *possible* liability,” a defendant may satisfy “the amount-in-controversy requirement under CAFA if it is reasonably possible that it may be liable for the proffered punitive damages amount”).

CONCLUSION

36. For all the reasons stated above, this action is removable to this Court under 28 U.S.C. §§ 1441 and 1446, and this Court may exercise subject matter jurisdiction over the action). Pursuant to 28 U.S.C. § 1446(d), a copy of this Notice of Removal is being served upon counsel for Plaintiffs, and a copy is being filed with the clerk of the Superior Court, County of Los Angeles, California.

37. For these reasons, jurisdiction is proper in this Court under CAFA, and FWTB asks the Court to assume jurisdiction of this action to its conclusion and to final judgment to the exclusion of any further proceedings in the state court in accordance with federal law. FWTB further requests that the removal of this action be entered on the docket of this Court.

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1 Dated: October 11, 2023

Respectfully submitted,

2 **BRYAN CAVE LEIGHTON PAISNER LLP**

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4
5 By: /s/ David Harford

David Harford

6 Attorneys for Defendant FIRST WESTERN
7 TRUST BANK
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**PROOF OF SERVICE
CCP 1013A(3)**

James Reed, et al. v. Reliant Life Share, LLC, et al.

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is: 1920 Main Street, Suite 1000, Irvine, CA 92614.

On **October 11, 2023**, I served the foregoing document(s) described as:
DEFENDANT FIRST WESTERN TRUST BANK'S NOTICE OF REMOVAL
on all interested parties in this action by placing ☒ a true copy ☐ the original
thereof enclosed in sealed envelopes addressed as follows:

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☒ BY MAIL - As follows: I am “readily familiar” with the firm’s practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. Postal Service on that same day with postage thereon fully prepaid at Irvine, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

☒ BY E-MAIL – I caused a true copy of the foregoing document(s) to be served by electronic email transmission at the time shown on each transmission, to each interested party at the email address shown above. Each transmission was reported as complete and without error.

☒ FEDERAL - I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on **October 11, 2023**, at Irvine, California.



Apameh Meyers